

# **Japan's Mineral Water Market**

**Reported by  
State of Alaska Japan Office  
April 21, 1999**

## **Market Summary**

The Japanese mineral water market has exhibited double-digit growth each year since the end of the 1980s except for 1996. The overall market grew 10% over the previous year in 1998, while the market for imported mineral water grew 7%. Imports grew about 8-fold from 1989 to 1994, then grew about 8% between 1994 and 1998.

Mineral water first began to be used in Japan for mixing with whiskey. Recently, however, demand for use in drinking establishments has stagnated, while home demand has grown sharply. At first, consumers were not too willing to pay money to buy water. According to the Mineral Water Association of Japan, due to the sharp rise in home consumption, home demand has far exceeded commercial demand since 1990. In 1994, home demand reached 489,461 kiloliters or 87 percent of total consumption; in 1997 the numbers were 724,512 and 93%. The share of home demand reached 93 percent for domestically produced mineral water in 1997 and 91.5 percent for imported mineral water. These figures show that mineral water has become a fixture as a home beverage. If the mineral water market continues to grow in the future, chances are that the share of home demand will become even higher.

Statistics of the Mineral Water Association of Japan show that home demand for mineral water accounted for about 93% of total demand in 1997. Until around 1989, commercial use had exceeded home use, but in the 1990s the positions were reversed and now home use far exceeds commercial.

## ***Update, October 2001***

### **1. Market**

There are nearly 500 brands of pet water being sold in the market at present. Among them, imported brands are 50 and domestic brands are 440 - 450. As Japan is a mountain country, they say that domestic water resources are plenty, and its supply or procurement is sufficient in the market. It is true that Coca-Cola Japan decided to procure water in Japan for all their drinking products being sold in Japan recently though they intended to import it from overseas before. Probably, they had to consider cheaper

transportation costs as they need to make the prices competitive.

However, water export to Japan from overseas is increasing steadily as JETRO's website (see [jetro.go.jp/ec/e/market/index.html](http://jetro.go.jp/ec/e/market/index.html)) indicated. Regarding mineral water consumption, the Mineral Water Association of Japan reported lately that a Japanese consumed only 8.59 liters in 2000 while an American consumed 68.9 liters, a French 130 liters, an Italian 138 liters, and an Englishman 16 liters.

## 2. Retail prices

The current retail prices are as follows.

2 liters pet bottled mineral water produced in Japan:	Yen 160 - 200.
2 liters pet bottled mineral water produced overseas:	Yen 200 - 240.
500 milliliters pet bottled mineral water produced in Japan:	Yen 70 - 100.
500 milliliters pet bottled mineral water produced overseas:	Yen 130 - 150.

In case of bargain sales at supermarkets:

Carton box with six 2-liter pet bottled mineral water produced in Japan:	Yen 680-800.
Carton box with six 2-liter pet bottled mineral water produced overseas:	Yen 900-1100.

By the way, Japanese importers or dealers always want to know the ingredients such as calcium, magnesium, potassium, sodium, and pH rate in the water. Also, they want to know what sterilization such as Ozone sterilization was managed in processing, and of course the CIF Japan as they don't know the transportation costs from Alaska. This information will be necessary to prepare for marketing.

**Update, April 1999:** This report is a compilation of market reports produced by the Japan External Trade Organization (JETRO) and reports from the Mineral Water Association of Japan, updated by the Alaska State Office in Japan. New information came from three organizations: the Japan Soft Drinks Association, the Mineral Water Association of Japan and the Ministry of Social Health and Welfare for import regulations. According to these sources, the market has been moving steadily since 1994, market growth will depend more on the weather than on the economy, and major players in imported mineral water remain the same. As for the import regulations, there are no changes or new regulations on mineral water under the Food Sanitation Law since 1995.

Table – 1  
**Market Supply of Mineral Water in Japan**

Unit: kiloliters, million yen  
Domestic price: Manufacturer's price  
Imported price: CIF Japan  
(%) % change from the previous year

Year	Domestic (%) Production	Imports (%)	Total (%)	Import Share (%)
1991	244,000 kl (162.6) ¥23,780 (162.7)	34,686 kl(136.8) ¥2,155 (130.4)	278,686 kl (158.9) ¥25,935 (159.4)	12.4 8.3
1992	300,000 (123.0) ¥30,687 (129.0)	45,594 (131.4) ¥2,987 (138.6)	345,594 (124.0) ¥33,674 (129.8)	13.2 8.9
1993	346,400 (115.5) ¥35,142 (114.5)	68,430 (150.1) ¥4,742 (158.8)	414,830 (120.0) ¥39,884 (118.4)	16.5 11.9
1994	412,300 (119.0) ¥40,407 (115.0)	146,821 (214.6) ¥8,321 (175.5)	559,121 (134.8) ¥48,728 (122.2)	26.3 17.1
1995	452,200 (109.7) ¥42,015 (104.0)	198,713 135.3) ¥10,838 (130.2)	650,913 (116.4) ¥52,853 (108.5)	30.5 20.5
1996	485,900 (107.5) ¥43,548 (103.6)	144,721 (72.8) ¥9,199 (84.9)	630,621 (96.9) ¥52,747 (99.8)	22.9 17.4
1997	645,900 (132.9) ¥55,072 (126.5)	148,605 (102.7) ¥9,531 (103.6)	794,505 (126.0) ¥64,603 (122.5)	18.7 14.8
1998	714,600 (110.6) ¥65,991 (119.8)	159,127 (107.01) ¥10,672 (112.0)	873,727 (110.0) ¥76,663 (118.7)	18.2 13.9

Source: Japan Mineral Water Association

### Demand by Size of Container

There are four popular sizes of containers at the present time: 330 ml, 500 ml, 1.5 liters and 2 liters. The 1.5 liter and 2 liter size containers are mainly used for consumption in the home or office, while the 330 ml and 500 ml sizes are in most cases used for refreshment purposes outdoors. Recently, in particular, there has been an increase in consumption of 500 ml containers of mineral water. Also for home consumption, 2 liter size container is becoming more popular than 1.5 liter. As the Table-2 shows, consumption by type of container shows that PET containers account 82% of total supply, while 7% by glass containers in 1997. The glass container water is mainly for commercial use. Recently, there have been moves to sell mineral water in vending machines. PET containers are not suited to this, so it is expected that bottled mineral water will be sold. If vending machines are used to sell mineral water then the share of mineral water in glass containers may rise.

Most of imported mineral water is contained in the 1.5 liter PET bottles.

A large proportion of mineral water is consumed in the summer. Along with the popularization of mineral water, demand in the winter has also been growing, but there is still a tendency for consumption to rise when the temperature grows hotter in the summer months. The consumption will be affected more by cold summer than economic recession.

### **Future Outlook**

Per capita annual consumption of mineral water in Japan is 4.5 liters – still a low level compared with western countries. An industry survey showed that the per capita consumption in the traditional mineral water consuming countries of Italy, France, and Belgium was over 100 liters. In Asia, per capita consumption is higher in Hong Kong, Singapore, the Republic of Korea and Taiwan than in Japan. These figures show that there is extremely great potential for growth in the mineral water market of Japan.

### **Import Trends**

Consumption of imported mineral water began to grow rapidly with the start of the 1990s and soon began closing the gap with domestic mineral water. Many mass merchandisers have begun handling imported mineral water under their own private brands. This trend lies behind the increase in the volume of imports. Along with the growth in the market, import agents have been reorganized and the sales capacities of imported mineral water have been strengthened.

### **Major Players in Imported Mineral Water**

The leading brands of imported mineral water are Volvic, Evian, Valvert, Crystal Geyser, Naya, Contrex and Arrowhead. Valvert is sold through the Nestle Japan network. Almost immediately after its release in 1994, it ate into the shares of the top three mineral waters. Naya, which is handled by Pepsi-Cola Japan, also rose to the ranks of a top brand immediately after being released in 1994. Arrowhead, handled by Nestle Japan, also immediately rose to the top. The remarkable growth in the volume of sales of those imported brands speaks of the importance of the sales capabilities of the vendor. Currently, it is said that about 50 kinds of mineral water for both mass produced ones and small ones have been imported to Japan.

As the Table 3 shows, France is far in the lead with such top brands as Volvic, Evian, Vittel and Contrex. On a volume basis, France held a 84.3 percent share of the imports in 1998. After France comes USA with Crystal

Geyser and other brands, then Belgium at third place with its leading brand Valvert.

Table – 2  
**Consumption of Mineral Water**

				Unit: Kl, Share (%)	
		<b><u>1996</u></b>		<b><u>1997</u></b>	
Domestically Produced Products	Whiskey use	44,238	(6.7)	42,463	(5.4)
	Drinking	478,135	(72.7)	583,038	(74.7)
Total:		522,373	(79.5)	625,501	(80.2)
Imported Products	Whiskey use	11,471	(1.7)	13,142	(1.7)
	Drinking	123,483	(18.8)	141,474	(18.1)
Total:		134,954	(20.5)	154,616	(19.8)
Grand Total:	Whiskey use	55,709	(8.5)	55,605	(7.1)
	Drinking	601,613	(91.5)	724,512	(92.9)
		657,327	(100.0)	780,117	(100.0)

BREAKDOWN of above Domestically produced mineral water:

	<b><u>1996</u></b>	<b><u>1997</u></b>
Glass bottled products	44,238	42,463
PET bottled products	416,993	510,356
PE bottled products	2,143	1,492
Large containers	41,866	55,902
Canned products	5,291	3,788
Paper containers	11,843	10,500
Total:	522,373	625,501

Table – 3  
**Japan's Mineral Water Imports  
 By Country**

Unit: Liter, 1,000 yen

<b>Country</b>	<b>1997 Volume</b>	<b>1997 Value</b>	<b>1998 Volume</b>	<b>1998 Value</b>
France	116,645,436	7,789,586	134,170,306	9,239,781
U.S.A.	14,218,477	765,855	13,151,804	767,810
Belgium	10,971,183	487,286	7,447,573	338,776
Canada	3,878,097	286,824	1,161,961	77,239
Italy	885,186	85,248	1,348,448	133,338
R Korea	846,356	30,113	1,060,678	41,853
U King	412,562	41,746	440,671	50,030
China	295,238	12,294	44,678	2,877
Finland	161,424	10,473	72,576	5,486
Others	291,006	21,533	227,957	14,481
Total:	148,604,965	9,530,958	159,126,652	10,671,671

### **Distribution and its Channels**

Mineral water is basically sold through the same distribution channels as soft drinks. The domestic brands of mineral water which are being distributed throughout Japan are those marketed by the leading food, beverage and beer manufacturers. On the other hand, leading overseas brands are in many cases imported by large trading companies and Japanese subsidiaries of overseas manufacturers. The companies successfully selling leading brands of imported mineral water are ones which have built up domestic sales networks for food and beverages. The share of imports in mineral water sales in Japan is largely governed by the marketing effort of these vendors, as shown in the Table – 4, and the strength of their sales networks.

Table - 4  
**Main Imported Mineral Water in Japan**

<b>Product Name</b>	<b>Importer</b>	<b>Vendor</b>
Volvic (France)	Mitsubishi Corp.	Mitsubishi Corp.
Evian (France)	Itochu Corp.	Calpis Food Industry Co., Ltd.
Vittel (France)	Perrier Japan K.K. Sapporo Breweries Ltd.	Marubeni Corp.
Contrex (France)	Perrier Japan K.K.	Perrier Japan K.K.
Valvert (Belgium)	Perrier Japan K.K.	Nestle Japan Ltd.
Crystral Geyser (U.S.)	Otsuka Beverage	Otsuka Beverage
Arrowhead (U.S.)	Perrier Japan K.K.	Nestle Japan Ltd.
Polaris (Canada)	Sumitomo Corp.	Sumitomo Corp

Imported mineral water is supplied to the retailer through the importer (mainly trading companies and subsidiaries of overseas bottlers), vendor (mainly food, beverage, and beer manufacturers), and primary wholesaler (sometimes secondary wholesaler). Mineral water sold at general food stores in local areas often goes through a secondary wholesaler, while mineral water sold in supermarkets and other mass merchandisers usually is supplied directly from the primary wholesaler.

For commercial use, mineral water is usually supplied through secondary wholesalers exclusively serving restaurants. The ratio of sales of home-use mineral water in general food stores is believed to be extremely low. For commercial use mineral water, the beer brewers hold a large share through their liquor shop routes. Therefore, domestic brands made by beer brewers tend to account for a large share of mineral water distributed through the liquor shop channel.

Daiei and other large supermarkets and mass merchandisers have begun sales of their own private brands. Mass merchandisers are both selling domestically produced mineral water under their own private brands and importing and selling brands of overseas bottlers on their own. In general, mass merchandisers use low prices to increase their share of the market and this has an effect on the price structure.

## **Retail Prices**

Domestic mineral water in general stores:

- 1.5 liter pet bottled mineral water - ¥ 150
- 2 liter pet bottled mineral water - ¥ 200
- 500 ml pet bottled mineral water - ¥ 100

Bargain sales at supermarkets:

One package contained six 2 liter pet bottled mineral water - ¥ 900

Imported mineral water:

For Vittel, 1.5 liter pet bottled mineral water - ¥ 230-250  
and other imported bottled mineral water are similar price.

The price of imported mineral water is slightly higher than the domestically produced mineral water.

## **Import Related Regulations**

Some regulations in the Japanese Food Sanitation Law were amended in June 1986. After deliberation with other countries, Japan partially amended the enforcement regulations of the Food Sanitation Law to allow the import of mineral water not treated for sterilization or disinfection if the following manufacturing standards are met:

- (1) the water is only mineral water, the water is taken directly from the source and automatically bottled or packaged, then capped or sealed,
- (2) the facilities and equipment used, from extraction to bottling, is kept clean and sanitary to prevent contamination, and
- (3) environmental protection at the source or place of extraction is given consideration to prevent contamination by pathogenic bacteria and the like.

The Food Sanitation Law also sets down labeling requirements. These require labeling of (1) the name of the product, (2) the date of manufacture, processing, or import, (3) the location of the place of manufacture, processing or sale and the name of the manufacturer, processor, or importer, and (4) for products not sterilized or disinfected, the fact that no sterilization or disinfection has been applied.



## **Guidelines for Quality Labeling**

In March 1990, the Japanese Ministry of Agriculture, Forestry and Fisheries established guidelines for labeling mineral water. These JAS quality guidelines list and define the following products:

### ***Natural water:***

Water drawn from underground sources and not treated by means other than sedimentation, filtration, and pasteurization.

### ***Natural mineral water:***

Natural water made from underground water in which ground minerals have dissolved.

### ***Mineral water:***

Water treated by means other than sedimentation, filtration, and pasteurization (adjustment of mineral content, carbonation, sterilization by ozone.)

### ***Bottled water:***

Artificially treated water other than the above.

In addition to the name of the product, the label must indicate ingredients, source and, when applicable, the fact that the water has not been sterilized or disinfected. Items that may not be indicated on the label include claims of pharmacological efficacy or effect, the use of the term “natural” for other than natural mineral water, etc. In addition, products which should be consumed within six months must indicate the best-before date and method of storage, while imports must indicate the country of origin.

Revisions to the mineral water standards under the Food Sanitation Law were announced in December 1994 and put into effect in June 1995. Since 1995, there are no changes or new regulations on mineral water under the Food Sanitation Law.